



# Performance Contracting in Virginia

**Presented**

**By**

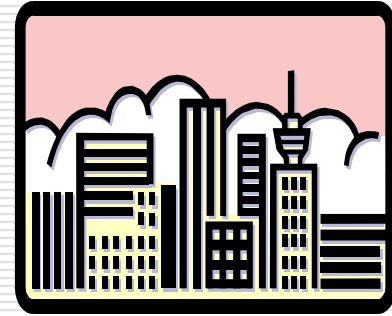
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**Virginia Department of Mines, Minerals  
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# Status of Performance Contracting



- **Over 20 Agencies have projects**
- **Largest over \$20 million**
- **Are early in the process**
- **Changes to the process**



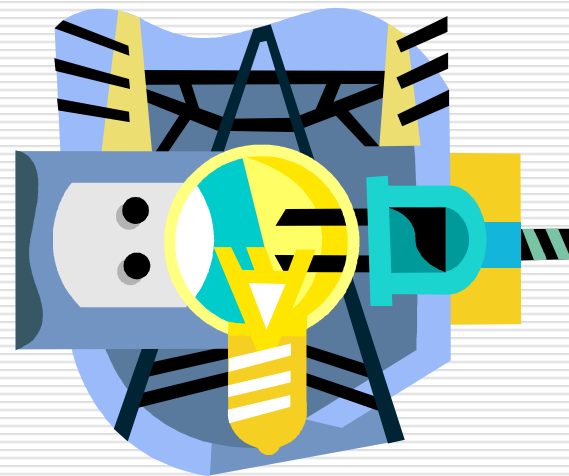
# How the Contract Works

- ❑ Energy Performance Contracting
  - 14 companies pre-qualified
  - Contact 3 or more from the pre-qualified pool
  - They meet with you
  - They perform a “back of the envelope” audit
  - You interview and discuss the audits
  - You select and begin negotiations for the energy contract



# What are energy projects?

- ☐ HVAC upgrades
- ☐ Co-generation plants
- ☐ Automated utility accounting
- ☐ Electrical/lighting upgrades
- ☐ Building envelope improvements  
(roofs, windows, etc.)
- ☐ Water fixture replacements
- ☐ Maintenance operations training
- ☐ Building automation





# How to Implement a Project

- ☐ Consider your financing options
  - State agency –
    - ☐ **Contact DMME for alternatives**
      - MELP from Treasury
      - Other Energy Partnership programs
  - Public bodies – municipal bonds
  - Other options available
    - ☐ **Lease purchase**
    - ☐ **Third party financing**
    - ☐ **Outright purchase**
    - ☐ **Lease**



# How to Implement a Project

- ☐ Define your needs
  - What are your greatest needs?
    - ☐ Old chiller that is inefficient
    - ☐ Steam line leaks
    - ☐ High energy costs (electric, heating fuels, etc.)
    - ☐ High water consumption
    - ☐ Building envelope



# How to Implement a Project

- ❑ After you have defined your needs and given consideration to how you would like to finance your project...
- ❑ Select a minimum of 3 contractors to perform the “Back of the Envelope Audit”.
- ❑ Refer to contractor qualifications and select based on project needs.



# How to Implement a Project

- ❑ Set up a walk through for the contractors you selected, include all of them at the same time
- ❑ Public bodies need to provide the contractors certain information
  - **Facility data**
  - **Utility data**
  - **Maintenance history**





# How to Implement a Project

- ❑ Set a deadline for the “Back of the Envelope”, remember the more time we allow, the better the information, 3-4 weeks
- ❑ When you receive the “Back of the Envelope Audits”, review them and set up your interviews



# How to Implement a Project

- ☐ Select contractor based on abilities and approach
- ☐ Set up a kick off meeting to begin the “Technical Energy and Water Savings Audit”
- ☐ The cost of the technical audit can be rolled into your energy contract



# How to Implement a Project

- ☐ Allow time for your technical audit
- ☐ Once the technical audit is complete, make sure everyone is in agreement with the potential savings and approach to the project
- ☐ If everything is in agreement, proceed with the energy contract



# The Energy Contract

- ☐ Addresses the financing
  - Methods and savings
  - Type of financing
  - Owner obligations
- ☐ Addresses the construction schedule
- ☐ Addresses the bidding process
- ☐ Addresses the maintenance
- ☐ Addresses measuring the savings



# Assistance for the Energy Contract

- ☐ Department of General Services will provide procurement support.
- ☐ For State Agencies, Department of Mines, Mineral and Energy will provide technical analysis and automated measurement tools
- ☐ Have your attorney review your energy contract just like any other construction contract
- ☐ Make sure you bond the contract



**The energy contract is just like a construction contract, it has design, it has specifications, it has bidding, it has construction and installation and it must comply with building codes.**



**Web site for all of the contract information**  
**<http://deb.dgs.virginia.gov/contracts/contracts.asp>**

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